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SUBJECT: New Approach at Ministry of Agriculture?

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1. (SBU) Summary. Since his appointment as the new Minister of Agriculture and Rural Affairs in November, Sami Goclu appears more willing than his predecessors to engage agriculture businesses and seek their input on important issues. Moreover, many officials believe Goclu will delegate greater authority to his subordinates which should facilitate work with the Ministry. At the same time, the Ministry will most likely pursue a policy of self-sufficiency and market protection against agriculture imports. End summary.

An Economist from Konya

2. (SBU) Professor Sami Guclu (pronounced Goochlu) was named the new Turkish Minister of Agriculture in November 2002. He was born in the Konya region, the breadbasket of Turkey. An economist by training, Minister Gulu most recently was with the faculty at Sakarya University in the Black-Sea city, Adapazar. He worked at the university with the current Prime Minister, Abdullah Gul. Although he has only held his position for the past four months, there are signs that the Ministry may break from past practices.

Cautiously Optimistic

3. (SBU) Turkish industry reaction might be characterized as cautiously optimistic. However, this may in part be a reaction to the previous Minister of Agriculture, Husnu Gokalp, who showed little trust in the private sector. One concern that industry officials noted was Minister Guclu's lack of agricultural background. Although he worked for a short time in the Agriculture Supply Organization at the Ministry of Agriculture, the majority of his experience has been in academics and in economics rather than agriculture. One industry contact noted that the Minister did not fully understand the relationship between imports of feed and production of poultry. Although the Ministry would like to decrease agriculture imports, it would be difficult for Turkey to produce poultry meat without feed imports. In the end, however, the industry was optimistic that Guclu would adjust to the job.

Delegating Authority

4. (SBU) The Minister has been relying on close advisors to navigate through difficult issues. The Ministry has

budgetary concerns as well as a large, and generally poor, farming sector. Officials in the Ministry believe that, unlike his predecessors, Minister Guclu will delegate more responsibility to his subordinates which would facilitate work and relationships with the private sector and other governments.

15. (SBU) There have been other positive signs, as well. Recently, the Minister met with a number of private sector officials to discuss their concerns with new Turkish phytosanitary regulations. (Reftels) At a meeting with FAS/Ankara staff, several representatives noted that they were impressed by the Minister's willingness to solicit opinions from the private sector. Previous administrations were more suspicious of industry, in general, and ignored suggestions and complaints. Guclu, not only met with the private sector, but in the end supported their position and suspended the regulations. One official emphatically stated that it was the first time in 15 years that a Minister and a Ministry had responded in such a way.

Not all Rosy

16. (SBU) Despite these positive signs, it is still very early in the administration. Although the new government has pledged support for the IMF-backed direct support system, the government recently announced that it would return to a production support system that has, in the past, encouraged inefficiencies and over-production in tobacco, hazelnuts and sugar beets. One cynical private sector observer noted that normally politicians give gifts like this before the elections, not after. This change has also raised some concern from both the World Bank and IMF. The Ministry also recognizes the need to increase direct foreign investment in agriculture, but continues to alienate many foreign companies who already have invested here.

17. (SBU) On the trade side, Ministry officials continue to espouse the goal of self-sufficiency in agricultural production. Through various licensing mechanisms the Ministry continues to prevent imports of meat despite the product's inclusion in many bilateral trade agreements. In addition, the Ministry maintains high tariffs on most agriculture imports. As a result, the Turkish consumer is forced to pay 149 percent tariff on bananas despite the fact that Turkey only produces 15 percent of its domestic demand.

Better U.S.-Turkish Ag Relations

18. (SBU) During the past few months in meetings with FAS/Ankara reps, Ministry officials have expressed their desire to increase contacts with USDA and U.S. agriculture representatives. Turkish officials appear open to facilitating this relationship. Training programs offer the prospect of improving relationships between officials in both countries. Post has already discussed some future collaboration with APHIS and GIPSA representatives in providing some technical information to government and private sector officials. Improving these relations especially on technical issues could facilitate discussions on trade and trade issues, not only bilateral but also in multilateral discussions.

A Tough Road Ahead

19. (SBU) Comment. It is not difficult in fact to understand the Ministry's position. Although it has a vibrant food-processing sector, 40 percent of the Turkish population lives in rural areas, many at subsistence income levels. The Ministry, therefore, is compelled to support local production despite inefficiencies. In turn, this helps slow migration to already crowded urban areas. In addition, with EU negotiations somewhere in the future, raising Turkish agricultural productivity and encouraging greater efficiencies will be most important. However, the lack of funds for supporting the sector may be so prohibitive and the needs so great that it may be very difficult to reach these goals.

